WRITTEN STATEMENT ON THE
NATIONAL OCEANIC AND ATMOSPHERIC
ADMINISTRATION'S FY 2005 BUDGET
BY THE
UNDER SECRETARY OF COMMERCE FOR OCEANS AND ATMOSPHERE
CONRAD C. LAUTENBACHER, JR.
VICE ADMIRAL, U.S. NAVY (RET.)

HOUSE RESOURCES COMMITTEE
SUBCOMMITTEE ON FISHERIES CONSERVATION, WILDLIFE AND OCEANS

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Thank you, Mr. Chairman, and members of the Committee, for this opportunity to testify on the President's FY 2005 Budget Request for the National Oceanic and Atmospheric Administration (NOAA). First, let me thank you, the Congress, members of your committee and the staff for your outstanding support of NOAA and the critical programs and services NOAA provides to the Nation.

The FY 2005 Budget Request for NOAA is $3.38B, a net decrease of $308.3M, or 8.4 percent, from the FY 2004 enacted level of $3.6B. The funds requested for NOAA for FY 2005 provide essential support to our current services: the programs that enhance our scientific understanding of the oceans and atmosphere in order to sustain America's environmental health and economic vitality and allow us to invest in some new technologies and services. Before I discuss the details of our FY 2005 Budget Request, I would like to briefly highlight some of NOAA's notable successes in the past fiscal year. These successes are consistent with my new mantra for NOAA: "NOAA, where science gains value." The value we achieved this past year would not have been possible without your support.

FY 2003 Accomplishments

Climate Change Strategic Plan

The Climate Change Research Initiative (CCRI) was officially launched on June 11, 2001. With the assistance of 11 other agencies, NOAA produced the first ever Draft Climate Change Science Program Strategic Plan (CCSP) in February 2003, as mandated by the 1990 US Global Change Research Act. Based on comments from the National Research Council (NRC), over the course of the last year, the report was refined. The final was recently released. On February 18, 2004 the NRC published a favorable review of the CCSP. In the review, the NRC praised our involvement of the public in the development of the Plan, and stated that we set a high standard for government research programs designed to deliver relevant climate information to

policymakers. NOAA has a crucial role in the development of the twenty-one CCSP reports that will be developed over the next four years. NOAA has the lead on several of these critical products, including the reports on 1)Aerosols - Impact on climate, expected in 2006-2007, 2) North American Carbon Budget- Implications for the Global Carbon Cycle, expected in 2005 and 3) Decision Support - Evaluating the use of seasonal to inter-annual forecasts and observational data, also expected in 2005.

International Commission for the Conservation of Atlantic Tunas (ICCAT)
Under NOAA's leadership, the International Commission for the Conservation of Atlantic Tunas (ICCAT) adopted several new measures to promote effective monitoring and reporting by members, ensure full compliance with ICCAT measures, and expand the scope and use of trade measures to deter illegal, unregulated and unreported (IUU) fishing. The Commission also adopted new management measures for bigeye and albacore tunas. In continuing efforts to protect small fish, the Commission adopted a ban on the use of driftnets for fishing on large pelagics in the Mediterranean and agreed to take the necessary measures to reduce mortality of juvenile swordfish. ICCAT also adopted a US proposal on data collection and quality assurance that establishes a fund, with a startup contribution from the United States, for training in data collection and support for participation in ICCAT's scientific meetings by developing ICCAT members.

Reduction in NOAA Fleet Age
I would like to take the opportunity to thank you, Mr. Chairman, and the members of your committee for supporting NOAA ship acquisition over the last several years, thus allowing NOAA to bring four new NOAA ships online in the last fiscal year. The TOWNSEND CROMWELL was replaced by the converted Navy T-AGOS vessel OSCAR ELTON SETTE. The 35-year old FERREL was replaced by the converted YTT vessel NANCY FOSTER. The Navy T-AGOS MCARTHUR II replaced the 37-year old MCARTHUR and, finally, the hydrographic Vessel THOMAS JEFFERSON was acquired from the Navy to replace the 40-year old WHITING. NOAA also launched the first of four new fisheries survey vessels (FSV) in 2003, named the OSCAR DYSON. This FSV will provide new research capabilities for NOAA in the North Pacific. Adding these new vessels to the NOAA fleet has reduced the average age of NOAA ships by 5.4 years from 33.6 years to 28.2 years, and will allow us to sustain our marine operations in FY 2004 and beyond. Building on this success, the request for the continued support of the NOAA fleet in FY 2005 is $13.2M for fleet planning and maintenance, and $35.6M for fleet replacement, which includes acquisition of the third Fisheries Survey Vessel.

NOAA Weather Radio Coverage
I am proud to report that coverage in the United States by NOAA Weather Radio has expanded significantly in the last year. The new improved NOAA Weather Radio voice can now be heard by 95 percent of the American public, providing severe weather warnings twenty-four hours a day, seven days a week. With the $5.5M NOAA received for NOAA All Hazards Weather Radio in FY 2004, we are expanding the use of the All Hazards capability. We are also working with

the Department of Homeland Security to provide a single broadcast capability in an effort to protect the Nation.

Earth Observation Summit

On July 31, 2003, NOAA participated in the Earth Observation Summit (Summit), which included representatives of 34 nations, the European Commission and 20 international organizations. Since July an additional eight countries have joined our efforts, for a total of 42 countries involved with follow-on activities from the Summit, and interest keeps building. Over 20 international organizations are also working with us. The declaration issued by the summit participants established an intergovernmental ad hoc Group on Earth Observations (GEO), which I co-chair with three of my international counterparts. GEO is charged with preparing a 10-year implementation plan for a Global Earth Observation System of Systems (GEOSS). The Summit represented a high level international commitment to move toward a comprehensive, coordinated, and sustained global observing network. In the last week of February, I joined my colleagues from South Africa, Japan and the European Commission in Cape Town, South Africa, to co-chair the third GEO meeting with members of five working subgroups: Architecture, Capacity Building, Data Utilization, User Requirements & Outreach, and International Cooperation. At this meeting the draft Framework of the groundbreaking 10-year implementation strategy was finalized for presentation to Ministers for adoption at the next global Earth Observation Summit in Tokyo on April 25, 2004. The third and final Earth Observation Summit will be held in Brussels, Belgium in February 2005 for the purpose of agreeing to the 10-year implementation plan.

Improved Weather and Water Forecasts

The forecasts of Hurricane Isabel's path and force this past September were the most accurate ever issued by NOAA meteorologists. The watches were issued 50 hours prior to landfall, and warnings came 38 hours prior to landfall, with an error in the 48-hour storm track forecast of 61 nautical miles. This was significantly better than the NOAA performance goal of more than 130 nautical miles error for storm track forecasts in 2003. The accuracy of the forecasts for this particular hurricane is a result of our investment in research, supercomputing, and improved forecasting models.

The lead time for tornado warnings also improved in 2003, up from an average of four minutes in 1987 to an average of 13 minutes, and surpassed the goal of 12 minute average warning lead time in 2003. The improved lead time resulted from our investment in the National Weather Service modernization, as well as recent investment in improvements to critical systems such as the NEXRAD radar and AWIPS work stations.

European Organization for the Exploitation of Meteorological Satellites

(EUMETSAT) Agreements

On June 24, 2003 NOAA and the Director General of the European Organisation for the

Exploitation of Meteorological Satellites (EUMETSAT) signed two agreements that continue the history of collaboration and cooperation between our two organizations. EUMETSAT is our counterpart in Europe, and operates satellites for environmental monitoring. EUMETSAT has operated geostationary satellites since the 1980s and will launch its first polar satellite next year.

The Joint Transition Activities (JTA) agreement is a continuation of the1998 Initial Joint Polar-Orbiting Operational Satellite System (IJPS) Agreement in which NOAA agreed to place instruments on two EUMETSAT METOP satellites, and EUMETSAT agreed to place an instrument on the NOAA N and NOAA N' s Polar-orbiting Operational Environmental Satellites (POES). In addition, each organization will have access to the other party's data and products. Under the IJPS agreement, EUMETSAT's satellites will assume the morning orbit, resulting in great cost-savings to US taxpayers, since a POES satellite will not have to be launched in that orbit. NOAA will continue to have access to EUMETSAT data and products and EUMETSAT will have access to the National Polar-orbiting Operational Environmental Satellite System (NPOESS) data and products.

The second NOAA-EUMETSAT agreement allows for US access to data from the EUMETSAT geostationary system, which will improve early warning of tropical waves off the coast of Africa that could become tropical storms or hurricanes in the Atlantic. The data also will provide an early read of weather in Europe that may affect Alaska and the west coast of the United States.

First Operational Solar Imager

The first operational Solar X-ray Imager (SXI) was activated on the NOAA GOES-12 satellite last spring. This equipment provides images of the sun every minute. Access to these images has led to an increase in lead time for predicting solar flares and geomagnetic storms by as much as 12 minutes. This increased lead time is very helpful in managing the Nation's electrical power and communications services. In October 2003, NOAA researchers helped forecast a Level 5 solar storm, and captured images of this record-breaking storm using the SXI. As a result of this forecast, the airline industry was able to re-route transpolar flights, averted disrupting communications with those flights, and avoided exposing passengers to high levels of solar radiation.

Reduction of Bycatch

NOAA Fisheries launched a bycatch webpage in January 2003 that is serving as a clearinghouse for information on national and international efforts to minimize bycatch problems in the fishing industry. On March 11, 2003, NOAA formally unveiled the Fisheries National Bycatch Strategy, which includes a series of regional bycatch reduction implementation plans. The national strategy also standardizes bycatch monitoring programs across the United States. In addition to this program, numerous fishery regulations were implemented in 2003 to specifically address bycatch issues. On January 5, 2004, NOAA announced the results of a study that examined ways to reduce bycatch in the Atlantic longline fishery. The study found that the utilization of certain hook and bait combinations could reduce interactions of leatherback and loggerhead turtles with ongline gear by 65 and 90 percent, respectively.

Gulf of Mexico Dead Zone Forecasts
NOAA issued the first ecological forecast of the dead zone in the Gulf of Mexico in the summer of 2003. This is the first advance forecast of the annual hypoxic event in the Gulf. NOAA scientists believe the ability to forecast events of this nature will become an important tool for decision makers and the public to use when making water use decisions.

Pacific Salmon
The Pacific Northwest has been experiencing impressive salmon returns in many areas over the past few years. In some cases, endangered Pacific salmon stocks listed under the Endangered Species Act (ESA) have increased up to 800 percent over recent lows. Although this trend is thought to be partially due to the current favorable ocean conditions, it is also related to our investment in habitat restoration and conservation partnerships. The challenge of rebuilding salmon stocks requires a long-term commitment, and our efforts must be maintained to meet the goal of recovering these stocks.

Fishery Habitat Restoration
In the last year, NOAA supported the initiation of 200 new grass-roots fishery habitat restoration projects. These projects will restore 3000 acres of coastal and marine habitats that support the sustainability of the Nation's commercial and recreational fisheries, as well as enhancing NOAA's other trust resources, including marine mammals and sea turtles. Additionally, by utilizing relationships with NOAA's national, regional, and local partners, the NOAA Community-based Restoration Program has been able to leverage $4-$10 for every federal dollar invested.

Homeland Security Programs -- DCNET
DCNET is a prototype system designed to provide information about dispersion of particulate matter, including biological agents, over urban areas. There are seven operational DCNET sites in the Washington, DC area. Three additional sites will soon be installed for a total of ten covering Washington, DC. There are also two operational DCNET sites in New York City. The DCNET system provide first responders with accurate determinations of the risk of exposure to toxic airborne particles and gasses for inhabitants of these metropolitan areas. NOAA is working with the Department of Homeland Security and other federal agencies on the development of this program.

FY05 Budget Request Priorities
As you can see from the items I just mentioned, NOAA is at the forefront of many of the Nation's most critical needs, helping set a course for wise investment of America's natural resources. To help meet these needs in a fiscally responsible manner, every dollar of NOAA's FY 2005 Budget Request was prioritized among the four program mission goals that form the backbone of NOAA's current five year strategic plan. These program goals are:1) to understand climate variability and change to enhance society's ability to plan and respond; 2) to serve society by providing weather and water information; 3) to protect, restore and manage the use of

coastal and ocean resources through ecosystem approaches to management, and 4) to support the Nation's commerce with information pertaining to safe, efficient and environmentally sound transportation. This Budget Request also recognizes the importance of supporting NOAA's most important assets: our people and infrastructure.

Areas of Future Growth

The FY 2005 NOAA Budget Request will sustain our ability to manage resources and build on the successes we achieved in FY 2003, and hope to achieve in FY 2004. The funds requested for NOAA in FY 2005 support five specific areas of targeted growth, which I refer to as "cross-cutting themes." These five cross-cutting themes describe the programmatic and managerial underpinnings that facilitate delivery of NOAA services to the Nation and effective operation of our organization. These cross-cutting themes are: 1) the integrated global environmental observation and data management system; 2) environmental literacy, outreach and education; 3) sound, reliable state-of-the-art research; 4) international cooperation and collaboration; and 5) organizational excellence. These themes are not new investment areas. Rather, the focus on these particular areas is intended to strategically begin the process of building up existing specific core strengths in NOAA to improve the execution of activities and the functions of our organization as we look toward the future. Each of these cross-cutting areas falls under at least one of NOAA's four programmatic mission goals, or supports our people and infrastructure.

Under the integrated global environmental observation and data management system theme, NOAA will develop and increase collaboration with local, state, regional, national and international partnerships to augment global-to-local environmental observations and data management to enhance continuous monitoring of ocean/atmosphere/land systems.

In the area of environmental literacy, outreach and education, NOAA will utilize our broad spectrum of ecological and social science expertise to educate present and future generations.

To support sound, state-of-the-art research, we will use our capabilities to provide national and international leadership on critical environmental issues and address the research needs of industry, academia, and government.

To promote international cooperation and collaboration, NOAA will seek to support national policies and interests in an ecosystem approach to management, climate change, earth observation and weather forecasting. We will also seek to maximize the mutual benefits of international exchange with our global partners in these areas.

Improvements in organizational excellence, including leadership development, human capital and information technology will increase the satisfaction of NOAA's customers, and improve organizational performance and productivity.

People and Infrastructure
Supporting NOAA's people and infrastructure are the most important pieces of the budget to me personally. This area focuses NOAA on budget and performance integration, human resources, employee training and retooling. For NOAA, the most critical aspect of this is providing adequate support and resources for our employees. This includes the $86.1M requested for adjustments to base, or ATBs, to cover the 1.5 percent pay raise as well as other inflationary increases. The ATBs also include funding for NOAA Corps health benefits.

The other important component in this area is infrastructure. Funding for infrastructure items ensures that, among other things, NOAA ships and aircraft are available to support missions and program requirements for all facets of the organization. NOAA is requesting an increase of $3.0M, for a total of $11.3M for the NOAA Satellite Operations facility in Suitland, Maryland. These funds will be used for above standard costs, moving people into the new facility, ensuring continuity of operations, and initial rent costs. There are also requests for operations and maintenance funds for NOAA ships, such as $2.2M for the VINDICATOR and $2M for the OSCAR DYSON, which I mentioned earlier. Also, $1.4M is included in this goal for regulatory and safety upgrades to NOAA aircraft.

NOAA satellites provide support to programs included under each of the four programmatic goals. An additional $56.4M is included in the FY 2005 Budget Request to continually maintain and improve NOAA's system of polar-orbiting and geostationary environmental satellites. The additional $31M requested for NPOESS, for a total of $307.6M, is the Department's contribution to the development of the converged Military and Civil operational polar systems.

Climate Goal (Request $369.3M, Decrease $3.2M)
The first of NOAA's four programmatic goals is climate. The focus of programs that fall under this strategic goal is to enable society to better respond to changing climatic conditions. Decision makers at all levels need a reliable structure and process for receiving accurate, timely and relevant climate information to guide them in managing scarce resources, maximizing benefits and minimizing negative impacts of climate variability.

One of the most notable climate programmatic priorities in the Administration's FY 2005 Budget Request for NOAA is the funding for the NOAA portion of the Climate Change Research Initiative (CCRI). CCRI is an interagency program designed to study areas of scientific uncertainty with regard to climate and identify priority areas for investment of scarce research dollars among the program's partners. It is the near-term focus of the Climate Change Science Program I described at the start of this testimony. CCRI is composed of several initiatives orchestrated by the interagency partners, but all the participants and programs share common aims: to reduce uncertainties in climate science, improve climate modeling capabilities, and develop research and data products that facilitate the use of scientific knowledge to support policy and management decisions. The request for the NOAA portion of the CCRI program is $64.2M, an increase of $27.1M.

NOAA is working with our national and international partners to develop an end-to-end multi-faceted system that integrates observations of the key atmospheric, oceanic and terrestrial variables that influence climate; uses the improved understanding of these variables to create more reliable climate predictions; and establishes service delivery methods that respond to changing user needs with the most accurate and useful information possible.

The Administration is requesting increases for several of the programs included in this strategic goal, including an increase of $6.5M, for a total of $9.0M, for the implementation of a Carbon Cycle Atmospheric Observing System focused on North America. This system will help determine carbon dioxide sources and sinks in and around the United States in order to meet one of the goals of the interagency U.S. North American Carbon Program. An additional $6.5M is included for the Aerosols, Clouds, and Climate Change: Observations and Predictions program for a total of $8.6M, which will provide funding for a new five-year observation program designed to quantify how the interaction of aerosols and clouds influences climate change. An additional $10.7M is included in this area to build a Sustained Ocean Observing System for Climate for a total of $17.3M. This additional funding will advance this system to 53 percent completion, continuing the multi-year international plan for a complete ocean climate observing system by 2010. In addition, $3.4M is included for the Comprehensive Large Array Data Stewardship System (CLASS) for a total of $6.6M. CLASS provides progress towards improvements in NOAA's capability to archive and access large data sets from observation platforms, such as satellites, radar, and ocean observation systems.

Ecosystem Goal (Request $ 1,158.2M, Decrease of $223.9M)

The focus of the ecosystem goal is to protect, restore, and manage the use of coastal and ocean resources through an ecosystem approach to management. An ecosystem approach to management is defined as management that is adaptive, geographically specified, takes account of ecosystem knowledge and uncertainties, considers multiple external influences, and strives to balance diverse societal objectives. The transition to an ecosystem approach to management needs to be incremental and collaborative. Coastal and marine waters support over 28 million jobs, generate over $54B in goods and services, and provide a tourism destination for 180 million Americans each year. The value added to the national economy by the commercial fishing industry is over $28B annually. Within this context, NOAA is working with its partners to achieve a balance between the use and the protection of commercial and recreational resources to ensure the sustainability, health and vitality of these resources for this and future generations.

Some of the notable funding increases under the ecosystem goal include the $33M provided for the acquisition of a third Fisheries Survey Vessel**.** Acquisition of a third state-of-the art vessel will provide higher quality series surveys and improve our data collection capabilities.

An additional $10M is provided for the Pacific Salmon Fund, for a total of $100M, which will be used to supplement state and federal programs and promote the development of federal-state-tribal-local partnerships in salmon conservation efforts and habitat restoration projects. The

$2M included in the ecosystem goal for Klamath River Basin coho salmon research and recovery activities will increase our capacity to conduct research and implement restoration projects to benefit recovery of ESA listed coho salmon in the Klamath River basin.

An increase of $4M is provided for Marine Fisheries Stock Assessment improvement for a total of $18.9M. This program aims to improve ecosystem approach to management of marine resources through better monitoring using new acoustical fish surveys, increasing the precision of specific assessments by up to 40 percent, and reducing potential damage to marine habitat and fish stock. This funding will also provide additional charter vessel days-at-sea, and a data acquisition system for use onboard Fisheries Survey Vessels and charter research vessels.

An additional $2M is provided for the Strengthen Living Marine Resource Monitoring initiative, providing an additional 250 days at sea for stock assessments. Funds are also provided for protected resources, including $1M for recovery plan development and $1M for protected resource stock assessments, which will enable NOAA to conduct the additional surveys and population assessment on whales, loggerhead sea turtles and other key species required to obtain data and improve the precision of predictive models. NOAA also requests an increase of $9.9M in FY 2005 for a total of $22.5M to Expand and Modernize Observer Data Collection. This will allow NOAA fisheries to continue funding New England Groundfish observers and expand coverage into other important fisheries.

An increase of $1.8M is also provided to fund the conversion/enhancement to the NOAA vessels MCARTHUR II and NANCY FOSTER for scientific instrumentation. The Administration is also requesting an additional $5.9M for the vessel monitoring system, for a total of $9.3M, which will improve NOAA's ability to monitor fishing activities and compliance with regulations.

NOAA is also requesting $1.2M to participate in the White Water to Blue Water initiative, a US led partnership among governments, international financial institutions, the private sector, non-governmental organizations and others, that was announced at the World Summit on Sustainable Development in 2002. US participation is jointly lead by NOAA and the State Department. NOAA, with its expertise in coastal zone management, marine science, monitoring and fisheries management, is a key US agency in the mix of entities needed to bring White Water to Blue Water to fruition. The goal of this partnership is to establish sound ecosystem approaches to management in coastal countries, which in turn will promote healthy marine and coastal ecosystems, forming the basis for vibrant, stable, and secure economies. The initial phase of White Water to Blue Water activities are taking place in the wider Caribbean region, including the Gulf of Mexico.

Weather and Water Goal (FY05 Request $1,410.9M, $50.8M Increase)
Another of NOAA's important mission goals is to serve society's needs for weather and water information. Bridging weather and climate time scales, we will continue to collect environmental data and issue forecasts and warnings that help protect life and property and enhance the US

economy. On average, hurricanes, tornadoes, floods and other severe weather events cause $11B in damages yearly, and directly impact both public safety and the national economy. Nearly one-third of the total US economy is weather sensitive. In recognition of this fact, NOAA's role in observing, forecasting and warning of severe environmental events has expanded. We are strategically positioned to conduct sound science and provide integrated observations and predictions to support decision makers at the local, state, national and international levels. In recognition of this important role, NOAA will continue to increase accuracy and lead time of severe weather warnings and work to increase customer satisfaction with and benefits from NOAA information and warning services.

This goal includes $5.5M for the Air Quality Forecast Initiative. This initiative is a cooperative effort with the US Environmental Protection Agency (EPA) and state and local agencies. Under this initiative, NOAA will provide operational air quality models and generate forecasts of pollutant concentration fields, which the EPA will interpret and disseminate to state and local users. Per our agreement with the EPA, in 2004 the National Weather Service (NWS) will establish an operational air quality forecast capability for ozone over the Northeastern United States (New York and New England). NOAA plans to expand ozone forecast capability to the entire United States by 2009. Air quality forecast products will be issued by the NWS National Centers for Environmental Prediction (NCEP) through their modeling capability, and will be available over the internet.

Funding requested for the National Weather Service Telecommunication Gateway (NWSTG) Legacy Systems, $0.87M for a total of $3.7M, will enable NOAA to complete a two-year effort to replace the NWSTG switching system and repair and update the associated facilities. Completing the system upgrade will permit increasing the volume of data that can be collected from running higher resolution weather prediction models, and the delivery of critical products to field offices, emergency managers and general users.

The $1.4M requested for the Modernization of the Cooperative Observer Network provides near real time surface weather data relating to temperature, precipitation and soil moisture, which is important in improving drought monitoring, daily temperature forecasts and climate monitoring. This data is obtained through the use of state-of-the-art measurement, monitoring, and communication equipment. With this modernization, NOAA expects to improve daily temperature forecasts by 1.5 degrees, saving the US economy over $1B per year in energy production costs.

Another important initiative is the Coastal-Global Observing System (C-GOOS) ($2.0M requested), which will provide new ocean measurements that will demonstrate the effects of climate changes on coastal communities, improve ocean condition forecasts, promote biological and chemical water sampling, provide information on locations of marine protected or endangered species and monitor coral reef health. This initiative will leverage and support the use of our existing network of weather buoys to support NOAA's ocean and ecosystem missions.

Commerce and Transportation (FY05 Request $252.1M, $3.4M Increase)
The fourth NOAA strategic goal recognizes the crucial lifeline America's transportation systems are for our Nation's economy. NOAA's information products and services are essential to the safe and efficient transport of goods and people on the sea, in the air, on land and through inland waterways. More accurate and timely warnings of severe weather events, effective marine navigation products and services and improved positioning data can better support the growing commerce on our roads, rails, and waterways. Reduced risk of marine accidents and oil spills, better search-and-rescue capabilities, and other efficiencies derived from improved information and services could be worth over $300M a year in economic benefits. NOAA is committed to improving the accuracy and timeliness of our marine forecasts through the use of real time oceanographic information, and the maintenance of a consistent, and timely positioning network that promotes safe and efficient maritime navigation, aviation, and ground transportation.

The $2.0M requested for the Electronic Nautical Charting (ENC) Program will allow NOAA to develop 120 new ENCs in FY 2005 for a total of 580 by the end of that fiscal year, working towards a total of 1,000 ENCs by 2009. The $2.7M requested for the National Water Level Observers (NWLON) network will provide real time data from 175 NWLON stations to all 150 major seaports, and ensure 100 percent operational availability by FY 2009. The request sustains funding for the aviation weather initiative at $2.5M, which will help NOAA improve vital aviation weather warning and forecast products.

NOAA Management Improvements
The goals included in the FY 2005 Budget Request contribute to the development and management of "One NOAA." I am very pleased to report to you on the development of a Matrix Management system for several NOAA programs that cross the traditional, stovepiped, NOAA line office structure. Matrix management of these programs ensures that our scarce financial resources are used and invested wisely by the entire NOAA organization on behalf of our Nation. The NOAA programs currently participating in the matrix management system include: Coral Reefs, Habitat Restoration, Ocean Exploration, Climate and Homeland Security.

We have established several Councils with existing resources, as a new and evolving management approach that creates a "virtual headquarters" without increasing NOAA staff. The Councils are comprised of NOAA senior officials acting as a "corporate body" that reviews options and provides recommendations to NOAA management. Some examples of these Councils include the NOAA Ocean Council and the NOAA Research Council.

Transition of Research to Operations
In FY 2005, NOAA is seeking to develop an institutionalized mechanism for transferring research products into operations and sustaining their production to be continually responsive to stakeholder needs. NOAA will develop a more sophisticated, integrated view of scientific research, including assessment, product development, and communication. This will position

NOAA to make investments today that will serve the information needs of the next few years and decades.

The NOAA Research Review Team, a blue ribbon panel, was established in 2003 under the auspices of the Science Advisory Board (SAB) as a Federal Advisory Committee Act (FACA) Committee, which allows outside entities to participate in this team. The team was tasked with reviewing the research enterprise in NOAA and recommending ways to improve its efficiency and effectiveness, as directed by the Conference Report accompanying the FY 2004 Consolidated Appropriations Act. The Review Team will be making recommendations on how to establish stronger links between NOAA's research programs and NOAA operational units, and assessing the relevancy of NOAA's research programs to the needs of the operational units.

The Research Review Team will present its findings to the NOAA Science Advisory Board in two reports. The first report was posted on the SAB web site in January for public comment. The SAB also held a meeting on January 6, 2004 to discuss the Review Team Preliminary Report. The second report is scheduled to be available by May 1, 2004.

Status of NOAA Program Review Team (PRT) Recommendations

The NOAA Program Review Team (PRT) convened in 2003 to review the organization from bottom to top. This was the most exhaustive review of the organization to date. Sixty-eight recommendations came out of the PRT process. To date, thirty-one of them have been fully implemented, including the institution of the Programming, Planning, Budgeting and Execution System (PPBES) process. PRT action is completed on twenty-five recommendations, but more work is required before they can be fully implemented. The dozen remaining recommendations have not yet been completed.

New Management Process-Planning, Programming, Budgeting and Execution System (PPBES)

The principles of the PPBES process were followed very closely in constructing the FY 2005 Budget Request for NOAA, as a result of the PRT recommendations for revamping NOAA's strategic management process. PPBES is a formal, systematic structure for making decisions on policy, strategy, capability development/deployment, and resource allocation to accomplish NOAA's mission. Performance measures have been integrated into the FY 2005 Budget document through the PPBES process.

E- Government

NOAA Fisheries will undertake two E-government efforts in FY 2005: Electronic Rulemaking and Electronic Permitting. The NOAA Fisheries Regulatory Streamlining and Modernization initiative will reduce the time required to review and process rules and regulations, increase public participation, and generate long-term cost savings. Electronic permitting will allow applicants to receive routine renewals and some initial fishing permits via the Internet, thereby increasing processing speed and reducing consumer costs.

Management Initiatives
NOAA is also currently conducting nine separate studies to determine if 207 FTE positions in NOAA should be opened to outsourcing and competition. These studies will be completed this fiscal year, and the results will be shared with you to help you make final decisions on the FY 2005 Budget Request before you now.

Other Issues

Status of N-Prime Satellite
The NOAA N-Prime satellite was damaged in an accident at the manufacturing plant on September 6, 2003. NOAA notified Congress and OMB immediately. At this point, the contractor's and NASA's on-site investigations have been completed, and corrective actions have been implemented at the contractor's facility. NASA convened a Mishap Investigation Board because NASA provides contractor oversight for NOAA. NOAA led a team comprised of NOAA, DOD and NASA personnel to evaluate replacement options for the environmental measurements that were to come from the NOAA N' mission. The results are due this spring.

Ocean Commission Report
The draft Ocean Commission report is scheduled to be released to the Nation's Governors very soon. NOAA is working very closely with our federal agency partners and the Council on Environmental Quality to prepare for the Administration's response to the report in accordance with the Oceans Act of 2000. NOAA has already begun to prepare for the release of the draft by sharing the task of review broadly across NOAA, making the best use of the NOAA Goal Teams, Program Managers, Matrix-Managers, Line and Staff Offices, and Councils to ensure a comprehensive response to this report across the organization. This information will feed into the broader Administration process.

Administrative and Financial Study
In FY 2003 NOAA leadership commissioned Booz-Allen Hamilton (Booz-Allen) to conduct a study of the effectiveness of NOAA Finance and Administration (NFA) and recommend ways to improve the quality and efficiency of our financial and administrative functions. Several PRT recommendations had underlined the need to improve our financial and administrative service functions. The study began in September 2003 and was managed by a team of representatives from line offices, headquarters, field administrative offices, and the Department of Commerce. Booz-Allen delivered their report to NOAA on January 31, 2004.

My goals are to ensure that we have the appropriate service delivery and organizational model; that we use our resources wisely; and that we balance these aims with the interests of employees who will be affected by change.

Conclusion

NOAA's Fiscal Year 2005 Budget Request invests in our priority areas: people and infrastructure, climate, ecosystems, commerce and transportation and weather and water. This budget keeps NOAA on its course to realize its full potential as one of the Nation's premier environmental science agencies. The new goal-oriented budget structure reflects NOAA's business approach as an integrated NOAA team which responds to the needs of our customers and employees. NOAA is also doing its part to exercise fiscal responsibility as stewards of the Nation's trust as well as America's coastal and ocean resources. NOAA will continue to respond to key customers and stakeholders, and will continue to leverage its programs and investments by developing those associations that most efficiently and economically leverage resources and talent, and that most effectively provide the means for successfully maintaining NOAA mission requirements.

That concludes my statement, Mr. Chairman. Thank you for the opportunity to present NOAA's Fiscal Year 2005 budget. I would be happy to respond to any questions.